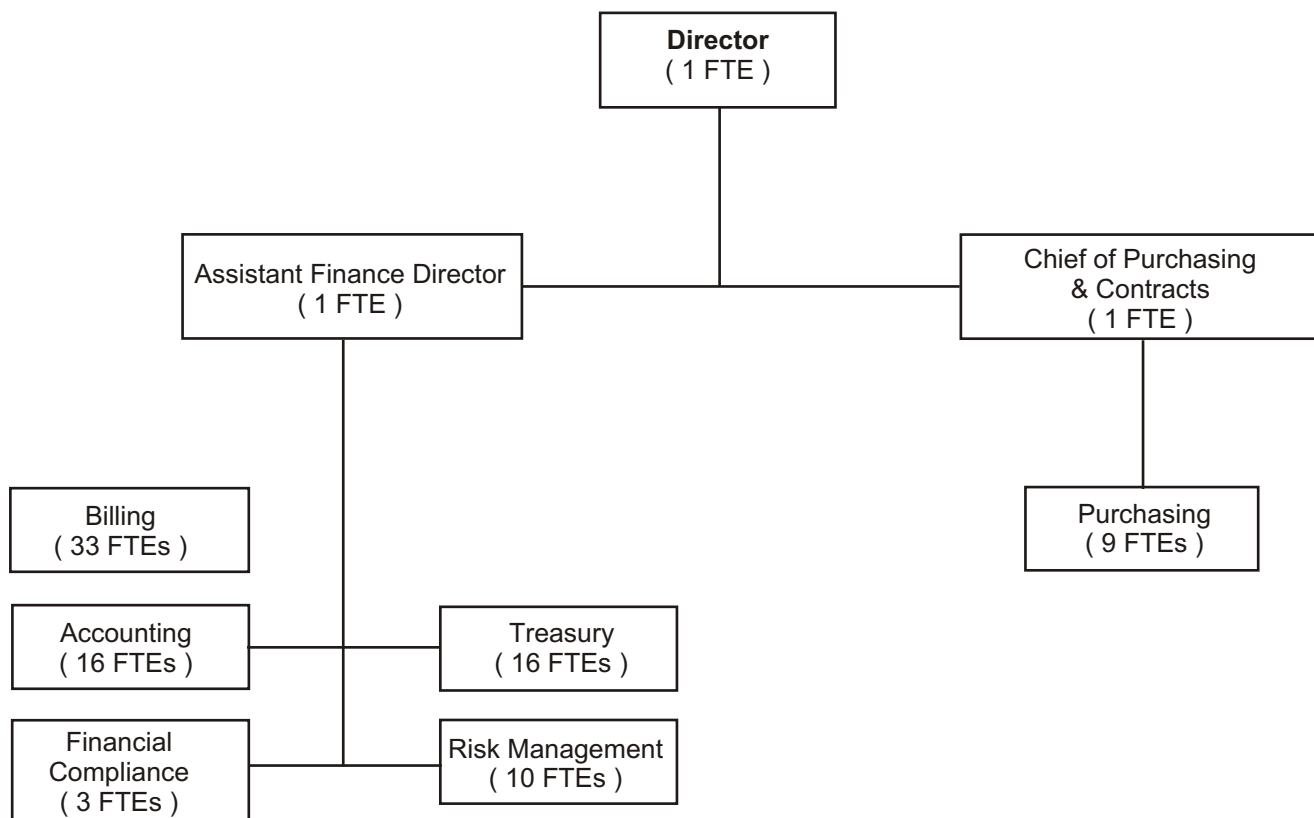




# Finance

( 90 FTEs )



## DEPARTMENT OF FINANCE

### Mission

To professionally and prudently enhance the City's financial position.

### RESOURCE ALLOCATION

	Actual FY 2000-01	Adopted FY 2001-02	Estimated FY 2001-02	Projected FY2002-03	Change
<b>Appropriations</b>		-			
Personal Services	\$ 3,922,632	\$ 4,170,871	\$ 4,129,876	\$ 4,224,809	1.3%
Operating	3,350,335	2,327,518	2,198,325	2,216,294	-4.8%
Capital	11,017	4,000	5,519	-	-100.0%
<b>Total Appropriations</b>	<b>\$ 7,283,984</b>	<b>\$ 6,502,389</b>	<b>\$ 6,333,720</b>	<b>\$ 6,441,103</b>	<b>-0.9%</b>
<b><u>Programs:</u></b>					
Office of the Director	\$ 366,329	\$ 329,988	\$ 331,231	\$ 380,912	15.4%
Accounting	1,143,220	905,901	976,120	958,797	5.8%
Billing Services	1,777,696	1,646,670	1,734,486	1,734,147	5.3%
Financial Compliance	-	149,641	56,948	98,472	-34.2%
Purchasing	913,931	739,380	547,094	684,918	-7.4%
Risk Management	1,044,395	904,439	787,151	801,224	-11.4%
Treasury	2,038,413	1,826,370	1,900,690	1,782,633	-2.4%
<b>Total Appropriations</b>	<b>\$ 7,283,984</b>	<b>\$ 6,502,389</b>	<b>\$ 6,333,720</b>	<b>\$ 6,441,103</b>	<b>-0.9%</b>
<b><u>Full Time Equivalents:</u></b>					
Office of the Director	4	4	4	4	-
Accounting	16	16	16	16	-
Billing Services	33	33	33	33	-
Financial Compliance	-	3	3	3	-
Purchasing	11	11	11	9	(2)
Risk Management	10	10	10	9	(1)
Treasury	16	16	16	16	-
<b>Full Time Equivalents</b>	<b>90</b>	<b>93</b>	<b>93</b>	<b>90</b>	<b>(3)</b>
<b>Revenues</b>					
General Fund					
Discretionary	\$ 3,037,866	\$ 4,203,541	\$ 4,102,672	\$ 4,234,265	0.7%
Program	-	245,625	235,625	240,338	-2.2%
<b>Subtotal General Fund</b>	<b>\$ 3,037,866</b>	<b>\$ 4,449,166</b>	<b>\$ 4,338,297</b>	<b>\$ 4,474,603</b>	<b>0.6%</b>
Water & Sewer Fund	2,273,175	1,951,934	1,902,469	1,887,688	-3.3%
Solid Waste Disposal Fund	114,132	101,289	92,954	78,812	-22.2%
Cash Management Fund	316,085	-	-	-	
Risk Reduction Fund	1,044,395	-	-	-	
Duplicating & Graphics Fund	498,331	-	-	-	
<b>Total Revenues</b>	<b>\$ 7,283,984</b>	<b>\$ 6,502,389</b>	<b>\$ 6,333,720</b>	<b>\$ 6,441,103</b>	<b>-0.9%</b>

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## FY 2002-03 BUDGET ISSUES

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- Reduction in staffing of Purchasing function will result in a reduction in level of service provided to internal customers. This will cause longer lead times for certain transactions.
- Print Shop staffing reduction will also result in a reduction in level of service provided to internal customers. Some print jobs will take longer to complete and other services such as mail delivery may also suffer.
- The reduction in staffing in the Accounts Payable function will require the function to be reorganized to decrease frequency of payments.
- The third party investment analyst was eliminated which will limit the scope and depth of review that is performed on external money managers.

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## SUPPORT OF CITY COUNCIL PRIORITIES

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*Managing Growth:*

*Public Safety:*

*Eliminate Poverty:*

As a support function for all City departments and functions the Finance Department provides financial management, administration and oversight in support of the Council's Priorities.

*Fiscal Responsibility:*

The Finance Department is responsible for maintaining financial systems that safeguard city assets, accurately record and report the results of operations and optimize the use of the City's financial assets. In addition the Finance department develops and implements policies and procedures designed to ensure the integrity of the City's financial transactions and financial management as part of the City's overall system of internal controls. The Finance Department works with Internal and external auditors to provide information and resources needed to perform independent reviews of City finances. The newly created Grants and Contracts compliance Division is responsible for financial management and oversight of grant programs and contracts. They will ensure adherence to statutory requirements, financial policies and procedures and prudent fiscal policy.

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## DEPARTMENTAL EFFICIENCY MEASURES

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- Outsourcing of claims adjusting function has helped reduce open claims by more than 50%. Currently there are less than 350 open claims, which is greatly reduced from 779 open claims at the end of 1988. Since there is a direct correlation between the cost of the claim and how long the claim stays open, the ability to close claims expeditiously has saved more than \$100,000 annually from the claims fund.
- Use of an Independent Insurance Broker has allowed the City to maintain important insurance coverages in an extremely tight insurance market while experiencing less than the market rate increases. This has saved the City between \$60,000 and \$100,000 in premiums.
- The department has instituted a local lock box for water and sewer bill payments. This system has decrease the time between receipt and deposit of funds by one to two days allowing the City to earn additional investment income.

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## UNFUNDED ITEMS

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Administrative Assistant	\$46,686
Purchasing Technician	46,693
Print Shop Supervisor	33,126
Independent Portfolio Analysts	35,000

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## PROGRAMS

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### Office of the Director

**\$ 324,492**

**4 FTEs**

The Office of the Director is the primary advisor to the City Manager, City Council and Departments in the areas of: financial planning, investments, debt management, financial reporting, purchasing, collections, risk control and risk financing. The office also provides leadership in the development and implementation of City wide financial policies.

**GOAL:** *To strengthen financial accountability throughout the organization.*

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**OBJECTIVE:** To reduce the number of transactions rejected due to noncompliance with City policies and statutory requirements by FY2001.

**STRATEGY:** To update policies and educate end users on how to initiating transactions in compliance with established controls.

<b>MEASURE:</b>	<b>Actual FY 2001</b>	<b>Adopted FY 2002</b>	<b>Estimated FY 2002</b>	<b>Projected FY 2003</b>
% of decrease in rejected transactions	25%	30%	20%	20%

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### Accounting

**\$958,797**

**16 FTEs**

This program provides two activities: accounting operations and financial reporting. The accounting operations activity is responsible for accounts payable, accounts receivable, payroll administration and maintenance of the City's financial information system. The financial reporting function is responsible for preparing the annual audited financial report, coordinating the annual audit conducted by external certified public accountants, preparing monthly financial statements, and preparing special reports and audits.

**GOAL:** *To make financial information available to decision makers in a timely fashion.*

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**OBJECTIVE:** To provide accurate financial information by the end of every month.

**STRATEGY:** To produce interim monthly financial, capital project and grant reports to key decision makers.

<b>MEASURE:</b>	<b>Actual FY 2001</b>	<b>Adopted FY 2002</b>	<b>Estimated FY 2002</b>	<b>Projected FY 2003</b>
# of reports distributed by due date	12	12	12	12

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**OBJECTIVE:** To complete the Comprehensive Annual Financial Report by October 15<sup>th</sup>.

**STRATEGY:** To close accounts payable by July 15<sup>th</sup> and general ledger by August 2<sup>nd</sup>. This will be facilitated by the interim reports.

<b>MEASURE:</b>	<b>Actual FY 2001</b>	<b>Adopted FY 2002</b>	<b>Estimated FY 2002</b>	<b>Projected FY 2002</b>
Completion of report by due date	Oct 15 <sup>th</sup>	Oct 15 <sup>th</sup>	Oct 29 <sup>th</sup>	Oct 15 <sup>th</sup>

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**OBJECTIVE:** To publish a Popular Financial Report for public distribution.

**STRATEGY:** To condense the financial highlights of the CAFR and to publish a report that meets the GFOA standards by November 30<sup>th</sup>.

<b>MEASURE:</b>	<b>Actual FY 2001</b>	<b>Adopted FY 2002</b>	<b>Estimated FY 2001</b>	<b>Projected FY 2002</b>
Completion of report by due date	N/A	Nov 30 <sup>th</sup>	Dec 20 <sup>th</sup>	Nov 30 <sup>th</sup>

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**Billing Services****\$1,704,147****33 FTEs**

This program includes billing inquiries, field services and delinquent accounts. Employees in the billing services section respond to customer inquiries, establish new accounts, and authorize water and sewer connections and disconnections. Employees in the field services unit read water meters and provide connection and disconnection services. Employees in the delinquent accounts unit are responsible for collecting past due bills to the City. This program is funded through the General Fund and the Water & Sewer Utility Fund.

**GOAL:** *To reduce valid billing complaints.*

**OBJECTIVE:** To reduce valid billing complaints by 10%.

**STRATEGY:** To provide training to billing representatives to handle billing complaints.

<b>MEASURE:</b>	<b>Actual FY 2001</b>	<b>Adopted FY 2002</b>	<b>Estimated FY 2002</b>	<b>Projected FY 2003</b>
% of reduction in complaints	N/A	10%	10%	10%

**OBJECTIVE:** To reduce the number of estimated meter reads.

**STRATEGY:** To review the meter routes and ensure workload.

<b>MEASURE:</b>	<b>Actual FY 2001</b>	<b>Adopted FY 2002</b>	<b>Estimated FY 2002</b>	<b>Projected FY 2003</b>
% of meters estimated each month	.92%	.80%	.%	1.0%

**Financial Compliance****\$154,892****3 FTEs**

This program will provide financial review of grants received by the City and loans made by the City to identify compliance issues and assisting in the fulfillment of financial requirements. The services performed for grants will include coordination of financial reporting to grantee agencies, timely drawdowns of grant funds. This program also provides centralized point of contact and servicing of loans made by the City. In addition, this function ensures that contracts and change orders are properly executed in accordance with State Statutes and City codes.

**GOAL:** *To maximize the City's cash flow.*

**OBJECTIVE:** To shorten the lag time between City expenditures and reimbursements.

**STRATEGY:** To implement strategies with City departments to ensure timely draw downs.

<b>MEASURE:</b>	<b>Actual FY 2001</b>	<b>Adopted FY 2002</b>	<b>Estimated FY 2002</b>	<b>Projected FY 2003</b>
Average monthly amount due from external sources	\$3,991,000	\$ 500,000	\$2,301,000	\$500,000

**Purchasing****\$684,918****9 FTEs**

This program prepares bid specifications and solicits bids for supplies, services, and equipment for all City departments. All bid solicitation and awards are done in compliance with the state statutes and also City's Minority/Women Business Enterprise Ordinance. Also included in this program are management of the city's telephone services, and the sale or transfer of surplus equipment and material. This function also provides duplicating, printing and mail services for the City.

**GOAL:** *To purchase needed commodities and services in compliance with all applicable requirements in a timely manner and at the best possible price.*

**OBJECTIVE:** To shorten the average purchasing cycle time for routine purchases by 1 day.

**STRATEGY:** To develop a more efficient process for the City's purchasing and payment process.

<b>MEASURE:</b>	<b>Actual FY 2001</b>	<b>Adopted FY 2002</b>	<b>Estimated FY 2002</b>	<b>Projected FY 2003</b>
Average cycle time for routine purchases	3	3	2.5	2

**Risk Management****\$801,244****9 FTEs**

The function of this program is to protect the City's assets from loss through the identification, control, and financing of various operational and professional lines of risks. This is carried out by a risk control and risk financing function. Risk control encompasses employee health services, safety and loss prevention and claims administration. Risk financing includes purchase of insurance (with the exception of health), self insurance and review of contracts for transfer of City's risk.

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**GOAL:** *To improve the operational and financial results of the Risk Management System.*

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**OBJECTIVE:** To reduce the number of and dollar amount of claims against the City by 15%.**STRATEGY:** To implement the strategies identified in the October 1998 and May 2001 City Council agenda, which includes a greater emphasis on safety programs through out the City and provide timely accident information to departments.

<b>MEASURE:</b>	<b>Actual FY 2001</b>	<b>Adopted FY 2002</b>	<b>Estimated FY 2002</b>	<b>Projected FY 2003</b>
# and \$ of claims open	419	400	333	360
	\$3,357,040	\$3,692,000	\$3,638,304	\$3,470,000

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**Treasury****\$1,829,413****16 FTEs**

The Treasury program includes cash, portfolio, and debt management and banking services. The cash management program is responsible for forecasting, collecting all the revenues due to the City and monitoring the tax collection contract. This program also issues the business licenses for the City. Portfolio management includes investing the city's idle funds and also monitoring contracts with external money managers. Debt management program includes approval, and issuance of all the city's debt instruments. Banking services for the City are also coordinated through this program. Some of these activities are funded through the Water and Sewer fund

**GOAL:** *To issue the City's debt in the most cost effective manner.*

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**OBJECTIVE:** To maintain the highest credit ratings.**STRATEGY:** To present information to the rating agencies that illustrate the City's financial, administrative and economics strengths.

<b>MEASURE:</b>	<b>Actual FY 2001</b>	<b>Adopted FY 2002</b>	<b>Estimated FY 2002</b>	<b>Projected FY 2003</b>
Credit ratings issued by S&P, Fitch and Moody's	AAA/AAA/ Aaa	AAA/AAA/ Aaa	AAA/AAA/ Aaa	AAA/AAA/ Aaa

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**WORKLOAD MEASURES**

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	<b>Actual FY 2001</b>	<b>Adopted FY 2002</b>	<b>Estimated FY 2002</b>	<b>Projected FY 2003</b>
# of Transactions returned for corrections	214	100	188	150
# of billing Complaints	n/a	1,000	4,000	3,500
# of meter reads (bi monthly)	32,700	33,500	32,900	33,200
# of water and sewer accounts maintained	67,300	69,000	67,500	68,000
# of walk in customer transactions (monthly)	5,230	5,300	5,030	5,100
Avg. monthly accounts payable transactions	5,575	5,800	5,550	5,500
Avg. monthly payroll transactions	4,842	4,883	4,857	4,800
# of purchase requisitions	4,734	7,300	4,800	5,000
Number of Business Licenses	6,733	4,200	7,100	8,000

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**INITIATIVES COMPLETED FY 2001-2002**

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- Reaffirmed AAA bond ratings from Standard & Poor's and FitchIBCA and Aaa from Moody's
- Continued working with departments to reinforce financial controls
- Implemented financial policies and procedures
- Provided financial advice on major economic development projects
- Documentation of key departmental routine procedures
- Began implementation of Governmental Accounting Standard Board Statement number 34
- Instituted steps to increase employee participation in payroll direct deposit
- Review of faulty meters
- Conducted hearings on back billing for faulty meters
- Provided training sessions for the payroll leave system
- New safety training curriculum
- Council Insurance subcommittee initiatives
- Post implementation of Local lockbox
- Cash handling certification
- Integrated automatic scale operations at the scale house
- Upgrade privilege license software

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**MAJOR INITIATIVES FY 2002-2003**

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- Continue evaluation of City's financial policies
- Maintain City's credit ratings
- Conduct pre implementation tasks for ERP
- Complete Implementation of GASB 34
- Complete implementation of contract employee payroll
- Complete implementation of delinquent accounts system
- Centralize financial monitoring for loans and grants
- Water bill review
- Customer Service training
- Implement once a week payables cycle
- Rewrite purchasing guide and implement mandatory purchasing training
- Continue to implement changes in City's risk program
- Evaluate outsourcing of Employee Health Service
- Expand e-commerce to include major revenue sources for the City.
- Increase number of discoveries for privilege license
- Centralize collections for the City where feasible